



Antecedents and Consequences of Sourcing Strategy Appropriateness in Public Procurement

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Naval Postgraduate School

20th Annual Acquisition Research Symposium

Naval Postgraduate School, Monterey, CA

10 May 2023

Motivation

- Public procurement is economically important. (Boland & Godsell, 2021)
 - 12.6% of GDP (OECD, 2021)
 - Peculiarities
 - Government strives for fairness in source selection
 - Government agents (buyers) serve the government's and the public's interest
 - Bid protest
 - Failed source selections
 - Ill-fitting sourcing strategies



Sourcing Strategy Components

Sourcing Strategy connects operating environment to contracting outcomes (Patrucco et al., 2021) and aligns market opportunities and resources with organizational objectives (Trent , 2007).

Sourcing strategy appropriateness = the extent to which a sourcing strategy matches the objectives of the source selection and the buying situation.

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| sourcing goals | source selection method (e.g., full trade-off versus LPTA) |
| single vs. multiple sourcing (competition) | price or cost analysis |
| number of suppliers | evaluation criteria (& weight) |
| type of contract | financial and term incentives |
| duration of contract | intellectual property rights |
| negotiation techniques | inspection and acceptance methods |
| supplier performance management methods | payment terms |
| global versus local sourcing | socio-economic goals |
| Source selection team size & composition | procurement milestones (lead time) |

Gaps & Research Questions

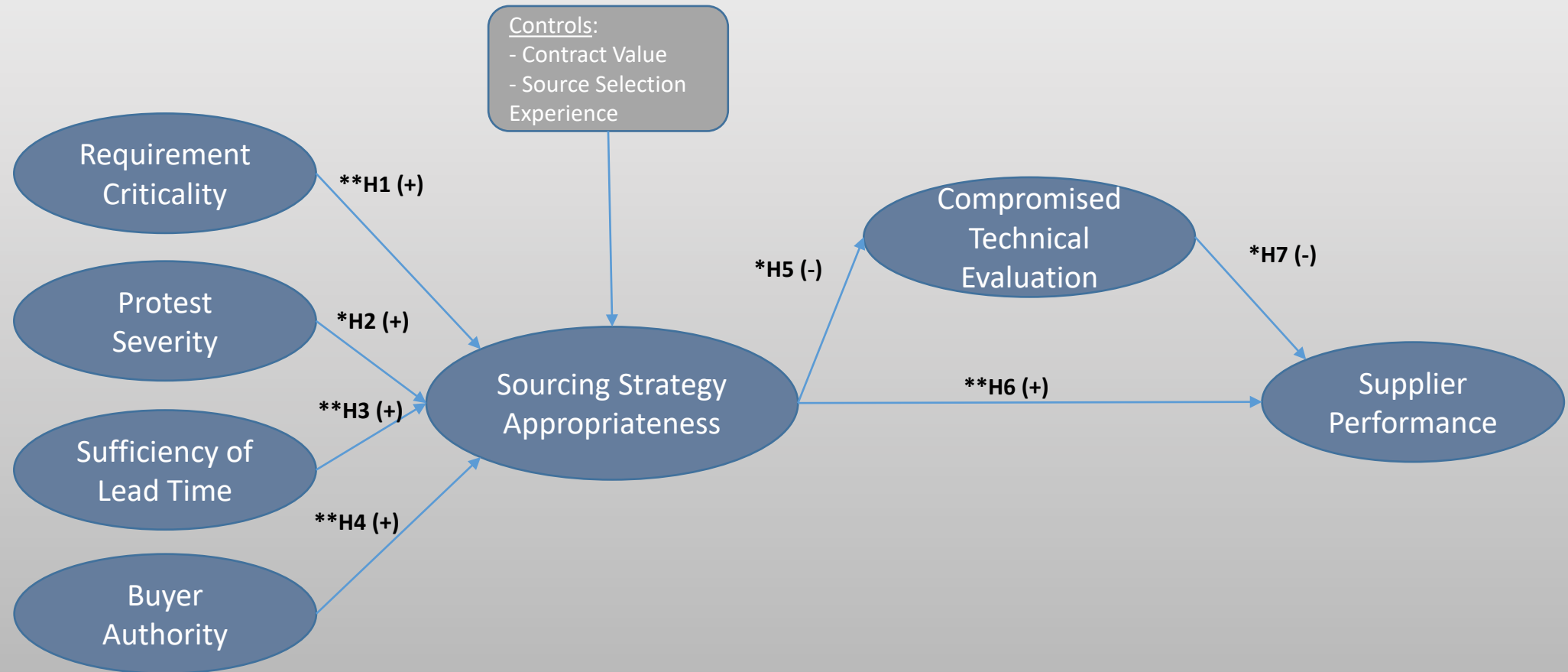
Sourcing strategies sometimes do not result in the intended outcome (Trent, 2007).

- We don't know which factors render a strategy more or less appropriate to the buying situation, and thus, more or less likely to attain desired sourcing outcomes.
- Research Questions:
 1. What factors affect the perceived appropriateness of the sourcing strategy?
 2. What are the consequences of sourcing strategy appropriateness?

Methodology

- Surveyed 3,882 U.S. civilian & military buyers from one military department
- 661 responses. 311 deleted (missing data)
- $n = 350$
- Response rate = 17% (9%, complete)
- Demographics:
 - 60% fixed-price contracts & 27% cost reimbursement
 - Contract < \$10M (48%), \$10M-\$100M (41%), > \$100M (11%)
 - Supplies, services, construction, weapon systems, capital equipment
 - Mostly < 9 years experience (48%); mostly master's degree ed. (54%)
- Structural Equation Modeling
 - Model fit: CFI and TLI > 0.9; RMSEA < 0.06; SRMR < threshold of 0.09

Conceptual Model & Results



* $p < 0.05$; ** $p < 0.01$



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Thank you.